

C



GIANT EXPLORATION &  
PRODUCTION COMPANY

2200 Bloomfield Highway  
Post Office Box 2810  
Farmington, New Mexico  
87499-2810

505  
326-3325

FAX  
505  
327-7987

August 2, 1994

State Director  
Bureau of Land Management  
P.O. Box 27115  
Santa Fe, New Mexico 87502-0115

RECEIVED  
AUG - 4 1994

H-32-26-12  
OIL CON. DIV.  
DIST. 3

Gentlemen:

Enclosed please find a copy of a completed Production Accountability Review (PAR) on Communitization Agreement No. NM-86366, North Bisti Coal 32 No. 1, received from the Bureau of Land Management, Farmington District Office on July 25, 1994.

Giant Exploration & Production Company (Giant) hereby requests an Administrative Review (provision 43 CFR 3165.3) and stay of order of this PAR. Many of the issues addressed in this PAR are being discussed by the Off-Lease Sales, Usage and Measurement Sub-committee of the Bureau of Land Management/New Mexico Oil & Gas Association San Juan Basin Working Committee. Giant feels that the recommendations made by the sub-committee will have a direct bearing on the outcome of this PAR. Giant also desires to retain the right to appeal under provisions of 43 CFR 3165.4.

If you have any questions regarding this information please contact me at the letterhead address or call (505) 326-3325.

Sincerely,

Diane G. Jaramillo  
Production Regulatory Manager

/dgj

Enclosure

cc: Mr. Mike Pool  
Mr. John Keller  
Mr. Mark Kelly  
Bureau of Land Management  
Farmington District Office



cc cont'd:

New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

Dugan Production Corporation  
P.O. Box 420  
Farmington, NM 87499



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington District Office  
1235 La Plata Highway  
Farmington, New Mexico 87401

IN REPLY REFER TO:

NM NM-86366 (CA)  
3162.7 (07347)

JUL 21 1994

RECEIVED  
AUG - 4 1994  
OIL CON. DIV.  
DIST. 3

CERTIFIED--RETURN RECEIPT REQUESTED  
Z 777 608 634

### DECISION

Ms. Diane Jaramillo  
Giant Exploration and Production Company  
P. O. Box 2810  
Farmington, NM 87499

Communitization Agreement NM-86366,  
No. 1 N. Bisti Coal Com 32

### Determination of Volume Discrepancies

This office has completed the Production Accountability Review (PAR) on the referenced Communitization Agreement (CA), operated by Giant Exploration and Production Company for the period of January 1992 through January 1993. In reviewing the records forwarded to this office, the following errors have been found that Giant Exploration and Production Company reported on the Monthly Reports of Operations (Form MMS-3160) for the PAR period:

1. Meter calibration errors greater than 2% (May 21, 1992 Meter Calibration) were not calculated and allocated back to the months necessary (April and May 1992) as required by Onshore Order No. 5, part III, C.19.
2. Giant Exploration and Production Company has been allocating production and sales from off-lease, unapproved Central Delivery Point meters, and not using the actual chart integration reports to determine and report the actual volumes of gas Produced, Used on Lease, and Sold from this CA on their Form MMS-3160s.

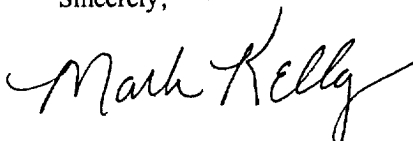
The Bureau of Land Management has determined the enclosed volumes to be the correct data that should have been reported on Form MMS-3160 for the PAR period. This information must be corrected back to the well records as appropriate. Each of these items were discussed in a letter on January 31, 1994. Because Giant Exploration and Production Company has never requested off-lease or commingling approval for the wells on this CA, (1) Giant Exploration and Production Company shall immediately begin measuring and reporting on Form MMS-3160 all volumes of gas before the gas leaves the CA, and (2) Giant Exploration and Production Company shall amend all of their Form MMS-3160s for this CA that had reported allocated production, to show the actual volumes of gas Produced, Used on Lease, Vented, and Sold at the orifice meters on the CA.

The results of this PAR will be forwarded to Minerals Management Service within 20 business days of your receipt of this letter.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact Enid Grubb with this office at (505) 599-6378.

Sincerely,



Mark Kelly  
Chief, Branch of Inspection and  
Enforcement

1 Enclosure:

1 - Summary of Misreporting (1 p)

cc:

New Mexico Oil Conservation Division (Z 777 608 635)  
1000 Rio Brazos Road w/enclosure  
Aztec, NM 87410

Dugan Production Corporation (Z 777 608 636)  
P. O. Box 420 w/enclosure  
Farmington, NM 87499